

To: The Board

For meeting on: 25 February 2015

Agenda item: 10

Report by: Iain Osborne, Remuneration Committee Chair

Report on: Report of the Remuneration Committee meeting on 30 January 2015

Background

1. The Chair of Remuneration Committee is required to report on its work to the Board after every meeting of the Committee. This report highlights the key issues considered by the Committee. The minutes of the meeting are attached as the annex to this report.

Issues

Reward Priorities

2. The Committee focussed upon the operation of the Very Senior Manager (VSM) Pay Framework within Monitor and the implications that this pay framework has in relation to the organisation's ability to recruit senior members of staff. At its next meeting the Committee expects to consider information about Monitor's experience of the VSM Pay Framework alongside information gathered from other Department of Health (DH) Arm's Length Bodies' experiences.

Pay Protection

3. The Committee was content with Monitor's proposed pay protection policy. This policy will be used to support successful organisational change by providing for a certain element of an employee's pay to be protected where it is reduced as a result of the introduction of a revised pay and grading system, organisational restructuring or redeployment.
4. The new pay protection policy was used to agree two pay protection cases.

Review of non-VSM salary threshold for 2015 annual salary uplift

5. The Committee considered that Monitor should not lower the threshold above which members of staff who are not subject to the VSM Pay Framework would not be eligible for an annual salary uplift.

Remuneration for proposed substantive appointment of a Deputy Medical Director and a Nurse Director in the Patient and Clinical Engagement directorate

6. The Committee agreed to endorse the proposed remuneration packages for the roles of Deputy Medical Director and Nurse Director.

Iain Osborne
Remuneration Committee Chair

Public Sector Equality Duty

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

As it is for information, it is anticipated that none of the recommendations of this paper will have an impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.

ANNEX A

MINUTES OF A MEETING OF THE REMUNERATION COMMITTEE HELD ON FRIDAY 30 JANUARY 2015 AT 10.00am AT WELLINGTON HOUSE, 133-155 WATERLOO ROAD, LONDON SE1 8UG

Present:

Iain Osborne, Non Executive Director (Chair)
Heather Lawrence, Non Executive Director
Keith Palmer, Deputy Chairman and Non Executive Director

In attendance:

David Bennett, Chief Executive
Philippa Harding, Board Secretary
Fiona Knight, Executive Director of Organisation Transformation

1. Welcome and apologies

1.1 Apologies for absence had been received from Joan Hanham (Chairman).

2. Declarations of interest

2.1 No interests were declared.

3. Minutes and matters arising from the meeting held on Tuesday 30 October 2014 (RC/15/01)

3.1 The minutes were considered and agreed. The matters arising were noted.

3.2 Remuneration Committee members were informed that further information would be brought to their next meeting with regard to the nature of the Department of Health's (DH's) involvement in the approval of senior appointments within Monitor. Details about forthcoming appointments that were likely to be subject to such approvals would also be provided. The Committee requested that work be undertaken to establish the experiences of other DH Arm's Length Bodies in this regard.

ACTION: FK

4. Reward priorities (RC/15/02)

4.1 Fiona Knight presented the paper which provided an update on the core components of Monitor's approach to non-benefits based reward and the proposed programme of work for the remainder of 2015/16.

4.2 Remuneration Committee members noted the work that was being undertaken with regard to the Very Senior Manager (VSM) Pay Framework and its implementation at Monitor. It was proposed that a further update setting out Monitor's experiences with regard to the VSM Pay Framework should be submitted to the next meeting of the Committee, with a view to establishing a possible approach to resolving any issues currently faced by the organisation.

ACTION: FK

4.3 With regard to the work that was being undertaken on the development of the organisation's recognition scheme, Remuneration Committee members welcomed the proposal to introduce a range of smaller "token" thank-you awards. The Committee emphasised the importance of ensuring that there was an equitable distribution of such rewards, noting that it was often easy to overlook those in administrative roles.

5. Pay Protection

i) Pay Protection Policy (RC/15/03(i))

5.1 The Committee considered the paper which set out a further draft of a proposed pay protection policy, the initial draft of which the Committee had reviewed at its meeting on 30 October 2014. Consideration was given to the most significant changes to the policy since the Committee's last meeting.

RESOLVED:

5.2 The Committee resolved that the proposed pay protection policy should be adopted.

ii) Pay Protection Cases (RC/15/03(ii))

5.3 The Committee considered two cases for pay protection. It was proposed that the pay protection policy should be implemented as an indefinite arrangement, with this arrangement being subject to an annual review by the Remuneration Committee.

RESOLVED:

5.4 The Committee resolved that the two cases should receive pay protection under the organisation's pay protection policy, according to the terms set out in the paper.

6. Review of non-VSM salary threshold for 2015 annual salary uplift (RC/15/04)

6.1 The Committee considered the paper which set out a proposal to lower the salary threshold above which individuals who were not subject to the VSM Pay Framework would not be eligible for an annual salary uplift.

6.2 Committee members considered the rationale for imposing a salary threshold. It was noted that those who were not subject to the VSM Pay Framework were not contractually entitled to a salary increase. Cross-government moves to impose pay restraint were also noted. This was weighed against the risk that senior executive might leave Monitor for better remunerated positions. In light of the small number of individuals that might be impacted by the proposed change to the threshold, the Remuneration Committee considered that on balance it would not be appropriate to change it at the current time. The threshold would continue to be subject to annual review.

6.3 The Committee emphasised that, in order to prevent anomalies between those who were subject to the VSM Pay Framework and those who were not, any new appointments, regrades or salary reviews should trigger the VSM Pay Framework as appropriate.

7. Remuneration for proposed substantive appointment of a Deputy Medical Director and a Nurse Director in the Patient and Clinical Engagement directorate (RC/15/05)

7.1 Remuneration Committee members considered the report which provided information about the proposed appointments to the role of Deputy Medical Director and Nurse Director. The remuneration for these appointments was of a level that required approval by the DH and HM Treasury. The Committee was asked to endorse the proposed remuneration packages.

7.2 The Committee emphasised the importance of being able to appoint to these positions swiftly. Committee members confirmed that they were content to be updated on the progress of these appointments via correspondence.

RESOLVED:

7.3 The Remuneration Committee resolved to endorse the proposed annual salary packages (inclusive of consolidated long-term recruitment and retention premiums) for the roles of Deputy Medical Director and Nurse Director.

8. Any Other Business

8.1 No other business was raised.

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